

**“Lord, grant me the serenity to accept the things I cannot change, the courage to change the things I can and the wisdom to know the difference.” – Author Unknown**

**Risk and Uncertainty:** A lot of new uncertainties have been added in the last few weeks. Will the Japanese reactor meltdown, and what effect will that have on nuclear energy supplies? Will the Japanese economy slump further, and how will that impact U.S. growth and jobs? Who is going to control Libya, or Egypt, or Bahrain or Saudi Arabia in the future? Will the answer to that question affect the world's oil supplies or prices? And, how will that affect our economic growth? Will the governments of those countries be friendly to the West or will Islamic fundamentalists rule and sponsor more attacks and terrorism?

It can be scary to turn on the news these days. These threats and risks are real. And, they are largely out of our control.

But, there are other risks out there. Will our debt swamp the country and send us into a government-led collapse? In order to avoid collapse, will the Fed print more money and create large inflation? Is the current economic recovery real or illusory? Will the government regulators approve any new energy producing plants, oil drilling, or medical drugs? What will ObamaCare do to health care costs? Will the bank make me a loan or will the bank regulator stop them? Can anyone build anything new anymore or do the environmental restrictions make doing so cost-prohibitive? Will government union pensions and benefits be reined in or will states default on their obligations? Is my local government solvent? What taxes will I have to pay in 2 years if I do make money?

This second set of risks is every bit as real and much closer to home. But, more importantly, unlike the first set, these risks are all created by U.S. policy. Which means they can be solved with U.S. policy.

Our extreme vulnerability to the first set of external risks is caused by the fact that we have so weakened ourselves with the second set. If you are thinking of investing money in or starting a new business today, you have to ask yourself all of these questions before you even get to the fundamentals of, “Will my cupcake store be able to make money selling against those other cupcake stores already out there?”

Potential investors and job creators are used to taking risks. That's what you have to do to make money and get a return. Those risks are daunting enough when they are simple business risks. But, now add regulatory risk and tax risk and government default risk and inflation risk...and it's just too much for many people. I have talked to person after person in industry after industry, and the obstacles to starting or growing a business are so huge today that most are staying on the sidelines. The risks and uncertainties created by government are just too great.

We will never have good jobs, good job growth or sustained economic growth until those job creators come off the fence, pull their cash out of the parking lot and go for it. We can't control the movement of the tectonic plates. But, we certainly can establish a tax code that is simpler and lasts more than 2 years. We can stop and repeal those myriad of regulations that keep people from loaning money and building things and creating new medicines and such. And, the federal government can stop spending so damn much money that we don't have.

I have learned lately how much the regulators in government are standing in the way of economic and job growth. No regulator ever lost their job because a bank did not loan money, but they have been called to task for one that failed. No regulator ever has a problem if a building project is not approved, but if they were to allow an incandescent light bulb or top-loading clothes washer in that building, they might be sent to regulator purgatory. Regulators get called to task if someone gets sick from use of an approved drug, but somehow it's OK if many people suffer because they cannot take a drug that's approval in this country is delayed for years and years while it is available around the world.

There is much we cannot control out there. But, there is much we can. The uncontrollable stuff will be easier to deal with if we have our own house in order. Rather than worrying about filling out his March Madness bracket, our president, and the rest of us, should be focused on this.

**Parting Thought On Libya:** I do not think that we should be involved in enforcing a no-fly zone in Libya. A no-fly zone is not as antiseptic as it seems. If we engage, we will do so to ensure that the rebel forces win. That means we will have to have boots on the ground and will take casualties. And, for what? To involve ourselves in an African civil war? There have been in the past and will be in the future dozens of these. I understand that Libya has oil. But, we have way more oil that we are not drilling for in this country to replace it. Don't bomb Libya. Drill in Alaska. And, besides, we can't afford it. We need to be more discriminating about where we commit U.S. forces in the future. Sure, I'd like to see Gaddafi go down. But, there are many other

countries where I'd like to see a regime change occur too. We can't invade them all. If the Arab League or the UN wants to engage there, let them do it with their jets, their money and their blood. They have plenty of all three.